

REFERENCE TITLE: tax credit; long-term care insurance

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SB 1520

Introduced by
Senator Allen

AN ACT

AMENDING SECTION 43-222, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 12, SECTION 1, CHAPTER 264, SECTION 1, CHAPTER 316, SECTION 2 AND CHAPTER 317, SECTION 10; REPEALING SECTION 43-222, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2005, CHAPTER 292, SECTION 1; AMENDING TITLE 43, CHAPTER 10, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-1085; RELATING TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 43-222, Arizona Revised Statutes, as amended by
3 Laws 2005, chapter 12, section 1, chapter 264, section 1, chapter 316,
4 section 2 and chapter 317, section 10, is amended to read:

5 43-222. Income tax credit review schedule

6 Each year the joint legislative income tax credit review committee
7 shall review the following income tax credits:

8 1. In 2005, sections 43-1087, 43-1088 and 43-1175.

9 2. In 2006, sections 43-1073, 43-1089, 43-1089.01, 43-1089.02,
10 43-1090, 43-1176 and 43-1181.

11 3. In 2007, sections 43-1077, 43-1078, 43-1079, 43-1080, 43-1165,
12 43-1166, 43-1167 and 43-1169.

13 4. In 2008, sections 43-1074.01, 43-1081, 43-1168, 43-1170 and
14 43-1178.

15 5. In 2009, sections 43-1076, 43-1081.01, 43-1083, 43-1084, 43-1162
16 and 43-1170.01.

17 6. In 2010, sections 43-1075, ~~and 43-1163.~~

18 ~~7. In 2010, sections 43-1079.01, and 43-1090.01, 43-1163, 43-1167.01~~
19 AND 43-1182.

20 8. 7. In 2011, section SECTIONS 43-1074.02 AND 43-1085.

21 Sec. 2. Repeal

22 Section 43-222, Arizona Revised Statutes, as amended by Laws 2005,
23 chapter 292, section 1, is repealed.

24 Sec. 3. Title 43, chapter 10, article 5, Arizona Revised Statutes, is
25 amended by adding section 43-1085, to read:

26 43-1085. Credit for long-term care insurance premiums

27 A. FOR TAXABLE YEARS BEGINNING FROM AND AFTER DECEMBER 31, 2006, A
28 CREDIT IS ALLOWED AGAINST THE TAXES IMPOSED BY THIS TITLE FOR PREMIUM COSTS
29 PAID BY A RESIDENT OF THIS STATE DURING THE TAXABLE YEAR FOR LONG-TERM CARE
30 INSURANCE COVERAGE FOR ANY OF THE FOLLOWING:

31 1. THE TAXPAYER.

32 2. THE TAXPAYER'S SPOUSE.

33 3. THE TAXPAYER'S PARENT OR PARENT-IN-LAW.

34 4. ANY OTHER PERSON WHO IS A DEPENDENT OF THE TAXPAYER, AS DEFINED IN
35 SECTION 43-1001, AND SUBJECT TO THE QUALIFICATIONS PRESCRIBED BY SECTION
36 151(c) OF THE INTERNAL REVENUE CODE.

37 B. THE AMOUNT OF THE CREDIT IS THE LESSER OF:

38 1. TEN PER CENT OF THE PREMIUM COSTS PAID DURING THE TAXABLE YEAR.

39 2. FIVE HUNDRED DOLLARS WITH RESPECT TO EACH PERSON COVERED BY THE
40 INSURANCE POLICY.

41 C. IN ANY CASE THE AMOUNT OF THE CREDIT SHALL NOT EXCEED THE AMOUNT OF
42 THE TAX OTHERWISE DUE FROM THE TAXPAYER UNDER THIS TITLE FOR THE TAXABLE
43 YEAR, AFTER SUBTRACTING ALL OTHER APPLICABLE CREDITS. NO PORTION OF THE
44 CREDIT MAY BE REFUNDED OR CARRIED FORWARD TO SUBSEQUENT TAXABLE YEARS.

1 D. TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, A LONG-TERM CARE
2 INSURANCE POLICY MUST MEET THE REQUIREMENTS OF TITLE 20, CHAPTER 6,
3 ARTICLE 15.

4 E. A CREDIT IS NOT ALLOWED UNDER THIS SECTION FOR ANY PREMIUM AMOUNT
5 THAT IS EITHER EXCLUDED FROM ARIZONA GROSS INCOME OR DEDUCTED OR SUBTRACTED
6 IN COMPUTING ARIZONA ADJUSTED GROSS INCOME.

7 F. A HUSBAND AND WIFE WHO FILE SEPARATE RETURNS FOR A TAXABLE YEAR IN
8 WHICH THEY COULD HAVE FILED A JOINT RETURN MAY DETERMINE BETWEEN THEM THE
9 SHARE OF THE CREDIT EACH WILL CLAIM, BUT THE TOTAL OF THE SHARED CREDITS MAY
10 NOT EXCEED THE AMOUNT THAT WOULD HAVE BEEN ALLOWED IF THEY HAD FILED A JOINT
11 RETURN.

12 Sec. 4. Purpose

13 Pursuant to section 43-223, Arizona Revised Statutes, the legislature
14 enacts section 43-1085, Arizona Revised Statutes, as added by this act, to
15 reduce the amount of state income taxes paid by residents of this state who
16 pay for long-term care insurance coverage.